

PUBLIC WORKS COMMITTEE

DATE: November 10, 2005

CALLED TO ORDER: 5:03 p.m.

ADJOURNED: 6:41 p.m.

ATTENDANCE

ATTENDING MEMBERS

Lonnell Conley, Chairman
Patrice Abdullaah
Ginny Cain
Scott Keller
Dane Mahern
Mike Speedy

ABSENT MEMBERS

James Bradford
Angela Mansfield
Mary Moriarty Adams

AGENDA

PROPOSAL NO. 487, 2005 - approves the sale of the Liberty Water Assets
"Do Pass" Vote: 6-0

PROPOSAL NO. 492, 2005 - authorizes speed limit reductions throughout the
Smithfield subdivision (District 25)
"Postponed" until February 23, 2005 Vote: 6-0

PROPOSAL NO. 493, 2005 - authorizes speed limit reductions throughout the Waters
Edge subdivision (District 25)
"Do Pass" Vote: 6-0

PROPOSAL NO. 569, 2005 - approves the issuance of one or more series of Sanitary
District Revenue Bonds, and if necessary, one or more series of notes in an aggregate
principal amount not to exceed \$160,000,000 and approving and authorizing other
actions in respect thereto
"Do Pass" Vote: 6-0

PROPOSAL NO. 570, 2005 - transfers and appropriates \$1,563,000 in the 2005 Budget
of the Department of Public Works, Fleet Services Division (Consolidated County Fund),
to pay additional costs for motor vehicle fuel due to rising fuel prices, financed by
internal charges and revenues from non-city customers who purchase fuel from Fleet
Services
"Do Pass" Vote: 6-0

PROPOSAL NO. 571, 2005 - approves an increase of \$330,000 in the 2005 Budget of the Department of Public Works, Policy and Planning Division (Non-Lapsing Federal Grants Fund), to retrofit approximately 140 diesel-powered IndyGo buses with emission-reducing Diesel Oxidation Catalysts and other air pollution related projects, financed by a \$145,000 payment to accomplish a supplemental environmental project provided for in a Consent Agreement and Final Order between the International Truck and Engine Corporation and the US Environmental Protection Agency (EPA), and to retrofit approximately 196 vehicles owned by DPW and other governmental entities and undertake public education and outreach to raise awareness of air quality issues, financed by a \$185,000 grant from the EPA

“Do Pass As Amended”

Vote: 5-0

CITIZEN’S GAS PRESENTATION – John Whitaker, Senior Vice President

PUBLIC WORKS COMMITTEE

The Public Works Committee of the City-County Council met on Thursday, November 10, 2005. Chairman Lonnell Conley called the meeting to order at 5:03 p.m. with the following members present: Patrice Abdullah, Ginny Cain, Scott Keller, Dane Mahern and Mike Speedy. James Bradford, Angela Mansfield and Mary Moriarty Adams were absent. Councillor Lincoln Plowman was also in attendance.

PROPOSAL NO. 487, 2005 - approves the sale of the Liberty Water Assets

Carlton Curry, director of contracts and operations for the Department of Waterworks, provided a handout and explained that this proposal will help two communities: Plainfield and Indianapolis Water. He said that when Indianapolis Waterworks was formed in 2002, along with the acquisition of water service to approximately 279,000 Marion County residents, assets were also acquired for five smaller utilities operated by the Indianapolis Water Company (IWC), including the Liberty Water Company. The Liberty Water assets are located in Hendricks County on the south side of US 40 just west of Plainfield. The asset is not connected to a core water system and serves about 135 customers solely from two 600-gallon-per-minute wells. The eastern boundary of this service area borders a part of Plainfield's water service. To connect this asset to the core Indianapolis Waterworks system would be costly and difficult, due to having to cross other counties' service areas in order to connect. Most connections would require upwards of \$3 million, and another \$2 to \$2.5 million if another storage tank were needed due to growth. Even if the connection took place, it would be most likely that the Liberty Water treatment portion would be shut down due to small well production capacity, which would cause Indianapolis to lose their investment. Mr. Curry said that Plainfield Town Manager, Rich Carlucci, is present this evening to testify to the fact that Plainfield wants this asset as a natural connection and growth for its existing service district. The sale would be beneficial to bond holders and ratepayers and would not impact them negatively. He said that the income from the proceeds of the sale could be used for other capital improvement projects. He said that according to IC 36-1-11-8, the Council must approve the sale by a resolution, and the board of the Department of Waterworks authorized the sale at its June meeting. He said that they were not required to do an appraisal, but they did have one performed, and the sale price agreed upon is above the appraised value.

Chair Conley asked what would happen to the 135 customers Liberty Water services due to this sale. Mr. Curry said that they would become customers of Plainfield Water, and Plainfield would then provide them with service.

Councillor Keller asked what the appraisal and sale prices are. Mr. Curry said that the assets were appraised at \$800,000, and the sale price to Plainfield is \$1,050,000. He said that there are a few other liabilities that will provide further offset. Councillor Abdullah asked after factoring in all liabilities what the net profit will be. Mr. Curry said that it will be approximately \$700,000.

Councillor Speedy asked for the size of the service area. Mr. Curry said that this is a hard question to answer. He said that it is estimated starting at the treatment plant, which is visible from US 40, due west to Belleville, and a few hundred yards to the south, which is all farm area. Councillor Speedy asked if the area is over 200 acres. Mr. Curry said that it is probably a little over 200 acres. Councillor Speedy asked how many customers the treatment plant could service without future expansion. Mr. Curry said that without expansion, the plant could probably serve about 250 residential metered customers on an average day; not much more than the customers they currently serve. Councillor Speedy asked if Plainfield will be keeping the treatment facility. Mr. Curry said that he suspects they will until they find an alternative way to serve these customers, but he cannot speak for them. Councillor Speedy asked if the appraisal took into consideration future growth. Andy Klineman, Office of Corporation Counsel, stated that they did consider future growth and connecting to the system, as well as traversing non-Indianapolis Water territory. Councillor Speedy asked if they explored the value of the company as an entrepreneurial interest. Mr. Klineman said that the appraiser was asked to err on the side of the highest evaluation and value it as a set-alone utility that was up and running. Mr. Curry said that the sale price is 25% above the appraised value, and even factoring in future growth, it is a better deal to sell the assets.

Councillor Mahern asked about the timing of this sale and why the assets were not sold earlier. Mr. Curry said that they have been working on this decision for 18 months.

Councillor Abdullah asked if special projects have been identified to use the proceeds of this sale. Mr. Curry said that at the board meeting next Thursday evening, one project being proposed relates directly to the water purchased from Plainfield. He said that this water cannot be mixed with Indianapolis Water because each use different purifiers which, when mixed, nullify the purification. The purchase of an ammoniator will allow Indianapolis to mix the water and still keep the water pure in their chloramine system. He said that he hopes the sale of this asset will help to offset the purchase of the ammoniator.

Councillor Abdullah asked if the Committee could hear from Mr. Carlucci regarding Plainfield's acceptance of this sale. Mr. Carlucci said that they have been discussing this sale for some time, and they do not plan to close down the treatment plant, but will connect it to their existing system to help serve the Belleville area. He said that they will look at upgrading the two 600-gallon-per-minute wells, and feel the Liberty Water Company will be a valuable asset to them. This is a primarily residential area, and the

Plainfield water system can easily grow that way. The Plainfield Water board has approved the purchase.

Councillor Abdullah moved, seconded by Councillor Cain, to send Proposal No. 487, 2005 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 7-0.

PROPOSAL NO. 492, 2005 - authorizes speed limit reductions throughout the Smithfield subdivision (District 25)

Councillor Plowman said that Smithfield is a fairly new subdivision and its streets have not yet been accepted by the City. He said that he would like the proposal postponed for ninety days to allow time for the streets to be accepted by the City. He said that one person is in attendance to speak in favor of the proposal, but until the streets are official, this proposal will have to wait.

Councillor Mahern moved, seconded by Councillor Keller, to "Postpone" Proposal No. 492, 2005 until February 23, 2005. The motion carried by a vote of 6-0.

PROPOSAL NO. 493, 2005 - authorizes speed limit reductions throughout the Waters Edge subdivision (District 25)

Councillor Plowman provided Committee members with letters of support for this proposal. He said that most subdivisions in his area have homes very close to the street. The law sets speed limits arbitrarily at 30 miles per hour (mph) in a residential district, but the law also allows for that limit to be reduced by 10 mph. He is asking that the limit be reduced to 20 mph in this subdivision.

Councillor Speedy asked if this is a new subdivision. Councillor Plowman said that it is fairly new. Matthew Stevenson, resident, stated that ground was broken three years ago, but the last house in the subdivision was just finished in the last 60 days. Councillor Speedy said that he feels developers should build things into their new subdivisions to slow traffic instead of having to come and ask the Council to lower the speed limit. He said that he believes it is a design issue and should be addressed as the subdivision is being planned. He encouraged the Department of Public Works (DPW) to work with developers throughout the design phase to build these traffic flow controls into the plans.

Mr. Stevenson said that he is the crime watch coordinator and newly elected Homeowner Association president for the subdivision, as well as being an officer with the Indianapolis Police Department. He said that there is a high volume of traffic in this subdivision because four or five streets are through streets from older subdivisions to main roads Five Points and Thompson. He said that they experience more than normal residential traffic. He added that there is only about 16 feet between houses, and front yards are shorter to allow for larger back yards. The streets are only 25 feet wide with

lots of bends and curves. He said if residents have visitors who park in the street, it makes the road a one-way venue. He said that there are a lot of children in this neighborhood and it has become a hazard.

Chair Conley asked if there are driveways available for visitors to park. Mr. Stevenson said that with only two cars in the driveway, the back bumper of the second car is in the street. He said that the houses are very close to the street.

Councillor Abdullah asked if any parks were considered to be built into the subdivision. Mr. Stevenson said that there is a playground, which is at the entrance to the subdivision. Most of the traffic passes the playground to go in or out to a major street, and the sidewalk is very close to this three-street intersection. Councillor Abdullah asked if warning lights are in place. Mr. Stevenson said that even general Indianapolis Power and Light lighting is not available in that area to even shine a light on the sign into the subdivision, and they are at a cost disadvantage to wire the area for such lights.

Councillor Keller said that the law allows for reduction in speed limits for the very reason that there are particular neighborhoods that have characteristics that warrant such. He said that Mr. Stevenson is both a law enforcement officer and a resident of this area and he trusts his judgment that a lowering of the speed limit is needed. He said that he supports the proposal.

Councillor Abdullah asked about enforcement. Mr. Stevenson said that the neighborhood had contemplated paying for signs and posting them on their own, but most law enforcement agencies will not enforce if there is not a City-issued speed limit sign. He said that he and other district patrol officers are willing to do extra patrols, and the crime watch organization supports the lowered limit. He said that he has spoken with IPD officers, and they are happy to help the neighborhood with enforcement.

Chair Conley asked if a staff representative from DPW has any comments regarding this proposal. Nathan Sheets, traffic project manager, said that they have not done an engineering study on this particular subdivision, but he agrees that it is a design issue and subdivisions should follow City guidelines. He said that he is not sure the signage will really slow traffic down, but if the law enforcement is willing to enforce and backs up this lowering of the speed limit, it is possible. Chair Conley asked how long it would take for a study to be done. Mr. Sheets said that it would be a one to two-month process, and the report could come back with the recommendation that 30 mph is prudent, even though that is not what the neighbors want.

Councillor Plowman said that even building some safeguards into the design of a subdivision, when it is nice weather and there are 30 children outside playing, 30 mph is too fast.

Councillor Keller moved, seconded by Councillor Cain, to send Proposal No. 493, 2005 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

PROPOSAL NO. 569, 2005 - approves the issuance of one or more series of Sanitary District Revenue Bonds, and if necessary, one or more series of notes in an aggregate principal amount not to exceed \$160,000,000 and approving and authorizing other actions in respect thereto

Barbara Lawrence, executive director of the Indianapolis Bond Bank, provided a handout and reviewed it in detail with Committee members. She said that the proposal requests approval to issue one or more series of financings in an amount not to exceed \$160 million to fund projects to reduce raw sewage overflows. Financing could be through Wastewater State Revolving Fund (SRF), Open Market, or Commercial Paper. This financing would help to bring sewer service to those with septic systems, increase sewer capacity and improve treatment plants, and reduce raw sewage overflows into rivers and streams. She said that Councillors have an Exhibit attached to their proposal with a list of projects, and they will notice that there are \$469 million worth of projects listed. This proposal is only the first phase of the program, and the City anticipates additional bond issues over the next three years to fund all the projects. She said that projected expenditures are \$80,252,907 for fiscal year 2005, \$125,839,393 for 2006, \$126,598,220 for 2007, and \$136,735,200 for 2008.

Ms. Lawrence said that SRF is generally much more effective than the other funding options and is a federal-state loan program to provide lower interest loans to communities for wastewater and drinking water needs. The advantages of an SRF loan would be lower interest rates, fixed rates for a 20-year loan, lower issuance costs, drawing money as needed, and only paying interest on amount outstanding. A few disadvantages of the SRF program would be that each project must meet eligibility requirements, upfront reports are needed, and there is a more limited capacity. Indianapolis has funded numerous programs through SRF over the last six to seven years, and it has worked well for the City. She said that interest rates in this program are determined on certain criteria based on three ranges of average monthly user rates for an equivalent dwelling unit (EDU). Ms. Lawrence said that Indianapolis usually qualifies for Tier II rates, which currently has interest rates at 3.40%.

Ms. Lawrence said that open market bonds are sold through a traditional financing institution using underwriters and investment bankers to structure transaction and market bonds. These are generally used for projects which do not meet eligibility requirements for SRF funding and projects that require immediacy. These are market-based rates impacted by many factors and have higher issuance costs. They are beneficial in that they offer better control with regards to timing. Commercial paper allows low-cost short-term financing with flexibility. The term of repayment cannot exceed 270 days, but they can be renewed for another 270 days. She said that commercial paper is commonly used to fund projects up front with the design or

engineering phases before cost of the projects are known. They are then usually converted to long-term bonds later when the costs of the project can be better determined.

Ms. Lawrence said that revenues of the sanitary district are pledged for repayment and the rate increase just approved will assist in paying this debt service. She said that if approved by the Council on Monday, they hope to close on SRF funding by the end of December to take advantage of current interest rates and negotiate any open market bonds by January or February.

Councillor Speedy said that he supports the proposal. Debt can be either a cruel master or a useful servant, and he believes this debt is of great use and is well underwritten and a useful servant. He said that he has taken time to look over the list of projects, and they do not need to be delayed until after fees are collected.

Councillor Mahern said that he agrees and there are some neighborhoods on this list that have been waiting for their projects for many years. He said that this effort has been bi-partisan and well-supported, and affects all districts and townships.

Councillor Abdullah moved, seconded by Councillors Keller and Mahern, to send Proposal No. 569, 2005 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

PROPOSAL NO. 570, 2005 - transfers and appropriates \$1,563,000 in the 2005 Budget of the Department of Public Works, Fleet Services Division (Consolidated County Fund), to pay additional costs for motor vehicle fuel due to rising fuel prices, financed by internal charges and revenues from non-city customers who purchase fuel from Fleet Services

Michael Williams, Chief Financial Officer for DPW, introduced Ron Stinson, finance manager for Indianapolis Fleet Services (IFS). Mr. Stinson said that this appropriation is needed to cover the anticipated costs for fuel through the end of the year. He said that because of escalating costs, the money for fuel was underbudgeted and the latest projected shortfall is approximately \$1.5 million. He said that the City typically uses 1.1 million gallons of gas per month at \$2.75 per gallon. He said that prices spiked after the hurricanes, and although they have gone down slightly, funds are still needed. He said that these costs will be recovered through those fleets using the fuel in the chargeback program.

Councillor Mahern said that he is surprised the fuel budget has lasted this long and that IFS did not come before the Committee for more money sooner. He said that everyone has seen the fluctuating gas prices and he knows it is needed, as fuel prices still remain unstable.

Councillor Speedy asked if this is a net increase or a shift in dollars and if it will cost the taxpayer more money. Mr. Stinson said that chargebacks will be used to pay this cost through City and County agencies using the fuel. Mr. Williams said that there will be an increase in some department and agency budgets, but most are managing to shift dollars between characters to pay these costs without increasing their overall budget. Jeff Seidenstein, Deputy Controller, said that some agencies will be able to tighten their belts in other areas and shift dollars. He said that a proposal will be introduced Monday evening which will shift money from the Sheriff's Civil Fees Fund to help pay for fuel costs outstanding there, as the Sheriff cannot afford to pay fuel costs and is in arrears. Another proposal to shift money within the Police Department to pay fuel costs will also be introduced.

Councillor Speedy asked how short the Sheriff's Department was last year. Mr. Stinson said that they were \$1.6 million short. Mr. Seidenstein said that this forthcoming proposal will only catch them up through June of this year, and they will still owe for the second part of the year.

Councillor Abdullah moved, seconded by Councillors Mahern and Cain, to send Proposal No. 570, 2005 to the full Council with a "Do Pass" recommendation. The motion carried by a vote of 6-0.

Councillor Keller said that he has a planning meeting in his district that he must leave to attend, but he wanted to recognize Citizen's Gas before leaving. He said that Citizen's Gas has been a good partner with the Southeast Community Organization, and a documentary the community organization did featured Citizen's Gas and actually won an Emmy. He said that he wanted to take a moment to publicly thank Citizen's Gas for their increased efforts with regards to employment diversity, specifically Yvonne Perkins and John Whitaker.

[Clerk's Note: Councillor Keller left at 6:12 p.m.]

PROPOSAL NO. 571, 2005 - approves an increase of \$330,000 in the 2005 Budget of the Department of Public Works, Policy and Planning Division (Non-Lapsing Federal Grants Fund), to retrofit approximately 140 diesel-powered IndyGo buses with emission-reducing Diesel Oxidation Catalysts and other air pollution related projects, financed by a \$145,000 payment to accomplish a supplemental environmental project provided for in a Consent Agreement and Final Order between the International Truck and Engine Corporation and the US Environmental Protection Agency (EPA), and to retrofit approximately 196 vehicles owned by DPW and other governmental entities and undertake public education and outreach to raise awareness of air quality issues, financed by a \$185,000 grant from the EPA

John Chavez, administrator, Policy and Planning Division, stated that an amendment is needed to replace the words "to retrofit approximately 140 diesel-powered IndyGo buses with emission-reducing Diesel Oxidation Catalysts and other air pollution related

projects” with “to implement mutually agreed upon air quality improvement projects.” He added that there is a “0” missing from one of the numbers and underlining where there should not be in copies of the amendment. [Clerk’s Note: The “0” omission and underlining do not appear in the original introduced version of the proposal, only on the copied amendment form.]

Councillor Cain stated that this seems familiar and asked if they did not just recently approve the same thing. Mr. Chavez said that DPW has made two similar requests recently, which have been satisfactorily completed. This is additional money for similar projects. He said that the reason for the change in the language is that they are still checking into the benefits of retrofitting these vehicles, and if there proves to be no benefit, there are other projects that could use this funding. Therefore, they did not want to lock the appropriation into retrofitting buses if there would be no benefit.

Councillor Mahern said that he is glad to see this amendment in case there proves to be no real benefit, since there are so many other ways this money could be used that are proven to be of benefit.

Councillor Speedy asked what the language “mutually agreed upon” means, and who the parties are that must agree. Mr. Chavez said that the US Environmental Protection Agency (EPA), the City of Indianapolis Department of Public Works, and whichever public entity is benefitting from the funds would be those mutually agreeing. Councillor Speedy asked if anyone benefitting must be a public entity. Mr. Chavez replied in the affirmative.

Councillor Abdullallah moved, seconded by Councillor Cain, to “Amend” the language in Proposal No. 571, 2005 as per Mr. Chavez’s recommendation. The motion carried by a vote of 5-0.

Councillor Mahern moved, seconded by Councillor Cain, to send Proposal No. 571, 2005 to the full Council with a “Do Pass As Amended” recommendation. The motion carried by a vote of 5-0.

CITIZEN’S GAS PRESENTATION – John Whitaker, Senior Vice President

John Whitaker, Senior Vice President of Legal and Corporate Affairs for Citizen’s Gas, introduced Greg Sawyers, Director of Customer Service. Mr. Whitaker stated that the Committee is aware of the fluctuating and rising cost of gas over the last year. He said that unlike service stations, however, utility companies are regulated by the Indiana Regulatory Commission, and therefore they cannot raise prices indiscriminately to make a profit. He said that Citizen’s Gas’ projected price increase is 27%, which is still quite a bit lower than the national (48%) and midwest (55%) average increase. Mr. Sawyers explained several programs to help customers manage their bills. He said that the Home Assistance Program helps low income families, and 14,000 customers took

advantage of this program last year. He said that the Governor has increased this assistance this year, and they hope in turn to help even more.

Councillor Mahern asked what the best number to call is if a person needs assistance or needs to sign up for one of these payment programs. Mr. Sawyers suggested they call 317-924-3311. Councillor Cain asked if this number will direct an individual to a live person, or if they will be given messages. Mr. Sawyers said that they may have to press a few buttons based on the nature of their call to get to the right person to help them, but they will get to speak to a live person. Mr. Whitaker said that there are 50 to 60 people on the phones at the peak of the day.

Mr. Whitaker explained other programs Citizen's Gas offers, such as the Universal Service Program, Warm Heart Warm Home, flexible payment arrangements, keeping customers connected, keeping deposits manageable, and outreach to inactive accounts.

Chair Conley asked if deposits are pro-rated. Mr. Whitaker said that they will work with the customer based on their ability to pay, their history of payment, and credit rating. Mr. Sawyers added that they try to balance all the needs and look at each individual differently to make it as manageable as possible.

Mr. Whitaker said that Citizen's Gas currently has 80,000 customers on budget plans, and they work with senior adults to arrange bills to correspond with dates they receive pension or social security checks. He said that they now have online payment options and other Internet tools such as the home energy advisor and bill analyzer. He said that they try to raise customer awareness through special bill inserts, other proactive communications, special Hispanic ads on Univision, communicating with regulators and elected officials, and the Winter Wise Campaign with the yellow post-it note ads. He said that a program through the Lieutenant Governor's office works with the Heating and Cooling trades to provide programmable thermostats to individuals who get their heaters checked professionally each year. Mr. Whitaker said that Citizen's Gas has two liquified gas storage facilities, one in Beech Grove and one on the north side. He said that by buying in increments and storing gas, they can help to mitigate spikes in cost and keep the supply pretty stable. He said that even with the hot summer and Hurricanes Katrina and Rita, they were still able to keep their fixed price purchases lower than most standard indices and are taking steps to keep prices low and save money wherever possible.

Councillor Mahern referred to the brochures available to citizens with helpful hints to lowering gas bills. He said that these might seem like common sense, but people do not always think of them. He encouraged citizens to call Citizen's Gas or log onto their website at www.citizensgas.com to find easy ways to help lower their bills.

Mr. Whitaker said that gas prices have mitigated a bit in the last few months, but natural gas supplies are still low and probably will not go back up. He said that the mild fall weather has been a benefit in keeping costs down and saving on supplies.

Councillor Mahern thanked Citizen's Gas for working hard to get the word out on their various programs to the community. Chair Conley thanked Citizen's Gas for their community spirit and thanked Mr. Whitaker and Mr. Sawyers for taking time to attend this meeting to provide the Committee and the public with more information.

There being no further business, and upon motion duly made, the meeting was adjourned at 6:41 p.m.

Respectfully Submitted,

Lonnell Conley, Chairman

LC/ag